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## BOB BURNS PROPOSED AMENDMENT NO. 2

ORIGINAL

TIME/DATE PREPARED: 3:00 p.m./December 16, 2013

COMPANY: Arizona Public Service Company AGENDA ITEM NO. 26

DOCKET NO. E-01345A-13-0140 OPEN MEETING DATE: December 17-18, 2013

2013 DEC 16 P 3:37

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

This proposed amendment adopts the amendment proposed in RUCO's responsive comments to the Recommended Order and Opinion, filed on December 12, 2013.

Page 11, Line 16, INSERT the following Findings of Fact:

43. RUCO is concerned with what appears to be a continuous over collection in each yearly REST implementation plan. Unlike the energy efficiency adjuster, no interest is paid on over collection. The administrative handling of over collection in the Demand Side Management Adjustor Charge ("DSMAC") should be applied to the Renewable Energy Standard Plan of Administration. Any over collection should accrue interest charges. As with the DSMAC adjuster, the interest rate would be based on the one-year Nominal Treasury Maturities rate from the Federal Reserve H-15 or its successor publication and be adjusted annually on the first business day of the calendar year.

44. To prevent a continuation of over collection, funds exceeding 5% of the total budget shall require the Company to pay an interest rate equal to their embedded cost of debt, currently 6.38%, on those funds over the 5% threshold. The Company cannot seek future recovery from ratepayers if costs are borne.

45. Purposeful carry forward funds specifically noticed in prior implementation plans to smooth out the surcharge year-to-year can continue to be pursued and the 5% threshold should only apply to the budget less the carry forward amount.

46. For carry forward funds in the 2014 plan, APS is seeking to hold \$14 million of over collection and apply it to the 2015 budget. RUCO supports this proposal but strongly recommends these ratepayer monies be placed into an interest bearing account. Since these funds will not be touched for a year, a higher yielding investment vehicle can be utilized than envisioned for general over collection at the DSMAC-prescribed rate. Therefore, the Company should pay at least a 1% interest rate with encouragement to find a higher yielding investment vehicle.

Arizona Corporation Commission

DOCKETED

DEC 16 2013

\*\* Please make all conforming changes

DOCKETED BY	
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THIS AMENDMENT:			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____	

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**Page 12, Line 18, INSERT New Ordering Paragraphs:**

**IT IS FURTHER ORDERED** that interest shall be accrued annually on any over recovery of Allowable Costs that have not been specifically reserved for program participants. The accrued interest shall be applied to reduce the following year's REAC-1. The interest rate is based on the one-year Nominal Treasury Maturities rate from the Federal Reserve H-15 or its successor publication. The interest rate shall be adjusted annually on the first business day of the calendar year. Further, Arizona Public Service Company shall pay an interest rate equal to their embedded cost of debt on over recovery exceeding 5% of the total budget.

**IT IS FURTHER ORDERED** that the Arizona Public Service Company shall pay at least a 1 % interest rate on carry over funds designated for 2015.

**Make all conforming changes**

**\*\* Please make all conforming changes**

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____